

## **Regulatory Reform**

### **The Problem**

On average, a single business owner with no employees must comply with 35 sets of regulations from 18 different local, state and federal agencies. If that business owner adds just one additional job, the number jumps to 58 sets of regulations enforced by 28 different agencies - altogether making more than 100,000 regulatory requirements.

### **The Solution**

If we want more jobs, government has to continue working to make Washington a good place to do business, and that means reforming our regulatory system. Legislation is needed to restore common sense to the government rule-making process. Rules that impose penalties or sanctions should be authorized by the Legislature. Such rules should be necessary, fair, cost-effective, clear, consistent, nonduplicative, targeted, enforceable, measurable, and must represent the least burdensome of options.

### **Background**

Washington has the nation's highest minimum wage and historically has had the nation's highest unemployment taxes.

A recent study on competitiveness released by the Beacon Hill Institute ranked Washington as the fifth most competitive state in the nation. However, our state ranked only 38th in government and fiscal policy.

For the past dozen years, government regulations have ranked as the biggest problem area for Washington's small businesses.

The state's complex regulatory system affects jobs, especially during a struggling economy. Several businesses in Washington have moved elsewhere and have taken their jobs with them. Others have simply closed their doors for good, putting many people out of work.

Washington's unemployment rate is consistently higher than the national average. In the past, each time the state's unemployment rate went up one percent, it meant 42,000 fewer jobs.

Washington's small businesses provide 60 percent of our state's private sector jobs. Bringing common sense and clarity to Washington's system of rules and regulations will reduce costs for these businesses, allowing them to grow and create more jobs.

### **SRC Wins**

- Challenging state regulations in counties other than Thurston County

HB 2598 (SB 6491, a Senate Republican-sponsored bill) was signed into law in 2004. HB 2598 saves businesses and individuals time and money by giving them several locations - including Thurston, Spokane, Whatcom and Yakima

counties - to challenge onerous state regulations in court. Prior to this new law, individuals could only challenge rules in Thurston County Superior Court.

- Modifying business notification of changes in agency rules

HB 2683 (SB 6306, a Senate Republican-sponsored bill) was signed into law in 2004. It made four key changes to the Administrative Procedure Act:

When an agency has filed a statement of inquiry (or notice of an upcoming change), the agency can now send a copy to anyone who has requested these statements.

A pilot project is created for 10 agencies to electronically file copies of a proposed rule with the Joint Administrative Rules Review Committee (JARRC) for a period of four years.

Agencies must now update on a periodic basis the roster they are required to maintain for request of notification of interpretive and policy statements. Prior to this new law, agencies only had to update rosters once per year.

Under the expedited rulemaking procedure, agencies must now send a copy or a summary of its proposal to all people requesting the information.

- Cost-benefit analysis

ESB 5256, signed into law in 2003, insists on the completion of cost-benefit analyses earlier in the rule-making process to allow more time for businesses to challenge the rule.

- New rule notification

ESSB 5766, signed into law in 2003, requires 200 days notice to businesses affected by significant new rules. Significant new rules are those that impose penalties or sanctions.

## **SRC Goals**

**Delaying the implementation of significant agency rules:** ESB 5052 would have protected businesses and people by requiring significant new agency rules to sit through a full legislative session before they are adopted. This would allow the Legislature time to determine whether or not the regulation fits within the policy set by the Legislature. In 2004, ESB 5052 was passed 38-10 by the Senate but died in the House.

**Prohibiting state regulations from exceeding federal standards:** For years, businesses and individuals have had to comply not only with federal standards but also state standards that may be different and/or more cumbersome. Dealing with different standards can be time consuming and expensive. In 2004, the Senate passed SSB 5053 on a vote of 26-23 before it died in the House. The measure would have required legislative approval for significant new agency rules that exceed federal standards. State agency requests to exceed federal standards would have to include a reasoned justification and a cost-benefit analysis.

**Requiring significant agency regulations to be signed by the governor:**

ESB 5257 would have held the governor accountable for his agency appointees by requiring his signature on all significant state agency rules where the agency director is appointed by the governor. Estimates put this at 75 to 90 rules a year. In 2004, ESB 5257 was passed 34-13 by the Senate before dying in the House.

**Targeted performance audits:** In 2003, the Senate voted 41-8 to pass a bill assessing the efficiency and effectiveness of state government, but the House stopped it. ESSB 5909 would have created the Priorities of Government Oversight Board. The board would have conducted performance audits of the state's high priority programs and activity assessments of the state's low-priority programs.